



STATE BOARD OF EQUALIZATION

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JOHN CHIANG
State Controller

CYNTHIA BRIDGES
Executive Director

**STATE BOARD OF EQUALIZATION MEETING
505 Van Ness Avenue, Auditorium, San Francisco
NOTICE AND AGENDA
Meeting Agenda (as of 9/06/2013, 4:30 PM)**

[Agenda Changes](#)

[Webcast on Tuesday, September 10, 2013](#)

Tuesday, September 10, 2013

10:00 a.m. Board Meeting Convenes*

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chair may modify the order of the items on the agenda.

Board Meeting*

- A. Homeowner and Renter Property Tax Assistance Appeals Hearings
There are no items for this matter.
- B. **Corporate Franchise and Personal Income Tax Appeals Hearings**
(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)
 - B1. [Jacques Delacroix and Krishna Delacroix, 626423 +](#)
For Appellants: Jacques Delacroix, Taxpayer
Krishna Delacroix, Taxpayer
Samuel Kornhauser, Attorney
For Franchise Tax Board: Christopher Haskins, Tax Counsel
Karen Smith, Tax Counsel
 - B2. [Alfred Ding and Jocelyn Ding, 592135 +](#)
For Appellants: Alfred Ding, Taxpayer
Michael Schinner, Attorney
For Franchise Tax Board: Eric Yadao, Tax Counsel
Karen Smith, Tax Counsel

B3. Williams-Sonoma, Inc. & Subsidiaries, 519857 +

For Appellant: James M. Krause, Representative
E. Scott Ewing, Representative
John Rucker, Representative
Benjamin Elliot, Representative
Gary Caine, Representative
For Franchise Tax Board: Irina Krasavtseva, Tax Counsel
Norman Scott, Tax Counsel

B4. Jacqueline McKechnie, 683821 +

For Claimant: Jacqueline McKechnie, Taxpayer
Neil McKechnie, Witness
For Franchise Tax Board: Eric Yadao, Tax Counsel
Karen Smith, Tax Counsel

B5. Noe Sitan Sicajan, 678105 +

For Claimant: Noe Sitan, Taxpayer
Miguel Galvez, Representative
For Franchise Tax Board: Marguerite Mosnier, Tax Counsel
Karen Smith, Tax Counsel

C. Sales and Use Tax Appeals Hearings

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

C1. Francisco Halayay, Jr. 569173 (GH) +

For Petitioner: Frank Halayay, Taxpayer
Wendy Halayay, Taxpayer
Bradley W. Sullivan, Attorney
For Department: Marc Alviso, Hearing Representative

~~**C2. Charles Hahn Entertainment, LLC, 539706 (CH) +**~~~~For Petitioner: Charles Hahn, Taxpayer
For Department: Marc Alviso, Hearing Representative~~**C3. Bay Area High Reach, Inc., 374287 (CH) +**

For Petitioner: Brian Burns, Taxpayer
Chris Housh, Representative
Stephen M. Moskowitz, Attorney
For Department: Scott Claremon, Tax Counsel

C4. RRS Johal Corporation, 511276 (CH) +

For Petitioner: Rajinder Johal, Taxpayer
Butch Kruse, Representative
For Department: Scott Lambert, Hearing Representative

C5. Jethani & Associates, Inc., 560580, 611299, 563266 (GH) +

For Petitioner/Claimant: Ram Jethani, Representative
For Department: Scott Lambert, Hearing Representative

~~C6. Ricky Alan Dumas, 547380 (KH) +~~
~~For Petitioner: Rick Dumas, Taxpayer~~
~~For Department: Scott Claremon, Tax Counsel~~

There are no items for the following matters:

- D. Special Taxes Appeals Hearings
- E. Property Tax Appeals Hearings

F. Public Hearing

- F1. *Proposed Adoption of Lumber Products Assessment Regulations 2000, Retailer Reimbursement Retention, and 2001, Additional Allowed Retailer Reimbursement Retention +*Mr. Heller

Public hearing regarding the adoption of Regulations 2000 and 2001 to prescribe the amount of reimbursement retailers may retain pursuant to Public Resources Code section 4629.5.

G. Tax Program Nonappearance Matters – Consent

(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

- G1. Legal Appeals MattersMr. Angeja

- Hearing Notices Sent – No Response
 1. All Star Tamales, Inc., 578981 (CH)
 2. Juan Luis Carbajal and Antonio Carbajal, 561633, 606872 (JH)
 3. Daniel Reynoso De La Torre, 554179 (JH)
 4. Elaine Florence Gunnari, 572734 (CH)
 5. John W. MacDonald, 549046 (JH)
 6. Francis Odo, 561670 (CH)
 7. Chau Tat, 494145 (CH)
 8. Zahra Tavakol, 571780 (GH)
- Petitions for Rehearing
 9. Russell E. Belttary, 484124 (UT)
 10. Jeffrey Lloyd Macy, 556663 (EH)

- G2. Franchise and Income Tax MattersMr. Epolite

- Decisions
 1. Alan Alpert and Sophie Alpert, 597444
 2. Abdel Kader Ayesh, 603929
 3. John Barsell and Sandra Barsell, 552835
 4. Richard Bessey, 609916
 5. Dennis Robert Bird, 599566
 6. Robert T. Breed, 559985
 7. Alejandro E. Cortez, 602358
 8. Steven Dancsecs and Anke-Karin Dancsecs, 587066
 9. Wanda L. Foreman, 612497
 10. Paul Foster and Sabrina Foster, 612446

11. Andre Gaston, 589489
12. Idania Hernandez, 606559
13. Gary Ernest Leon, 603185
14. Phi Vu Mai, 609855
15. Charles A. McConnell, 608455
16. Anna Ng, 343661
17. Mark Wilde, 597108
18. Linjun Zhou and Xiaoying Yao, 574359
- Petitions for Rehearing
 19. Mary Ann Ault, 534656
 20. Richard A. Hall, 533898
 21. Erik L. Hayes, 606496
 22. Khosrow J. Motamedi, 592901
 23. Cornelis A. Van Diepen, 560406
- G3. Homeowner and Renter Property Tax Assistance Matters
There are no items for this matter.
- G4. Sales and Use Taxes Matters.....Mr. McGuire
 - Redeterminations
 1. McGruders Vintage Parts, Inc., 626602 (AR)
 2. Juniper Networks, Inc., 468067 (GH)
 3. Fresenius USA, Inc., 572714 (OH)
 4. Juniper Networks (US), Inc., 469260 (GH)
 5. Czarnowski Display Service, Inc., 625236 (OH)
 6. Fanfare Media Works, Inc., 261985 (AR)
 7. W.D. Young & Sons Trucking & Nursery, 626105 (EH)
 8. W.D. Young & Sons Trucking & Nursery, 679621 (EH)
 - Relief of Penalty/Interest
 9. Acco Engineered Systems, Inc., 738683 (AC)
 10. Norm Reeves, Inc., 739071 (AA)
 - Denials of Claims for Refund
 11. Pizza Hut, Inc., 613004 (OH)
 12. MetroPCS Wireless, Inc., 624519 (OH)
 13. SMC Networks, Inc., 595733 (EA)
 14. Automotive Funding Group, Inc., 623614 (EA)
 15. Franklin Capital Corporation, 597753 (OH)
- G5. Sales and Use Taxes Matters – Credits, Cancellations, and RefundsMr. McGuire
 - Credits and Cancellations
 1. R. Michael James, 511452 (GH)
 2. Ramon Ricabal, 737096 (AP)
 - Refunds
 3. Fotokem Industries, Inc., 522771 (AC)
 4. Los Robles Regional Med Center, 594105 (AR)
 5. Regents of the University of California, 741812 (AS)
 6. Regents of the University of California, 556675 (BH)
 7. Thoratec Corporation, 577849 (CH)

8. California Steel Industries, Inc., 735172 (EH)
9. Ecco Equipment Corporation, 736753 (EA)
10. Pizza Hut, Inc., 613004 (OH)
11. St. Joseph Hospital, 577146 (JH)
12. John Matthew McEvoy, 755469 (FH)
13. LOP Automotive Company, LLC, 601362 (CH)
14. Servicon Systems, Inc., 530377(AS)
15. Intuitive Surgical, Inc., 599656 (GH)
16. SMC Networks, Inc., 595733 (EA)
17. Penegon West, Inc., 624412 (AS)
18. International Business Machine Corp., 576134 (OH)
19. Valero Marketing and Supply Co., 451327 (OH)
20. Williams Lea, Inc., 570581 (OH)
21. Pernod Ricard USA, LLC, 731536 (OH)
22. Penegon Newport Beach, Inc., 624129 (EA)
23. Automotive Funding Group, Inc., 623614 (EA)
24. Wisdom Import Sales Co., LLC 632992 (OH)
25. Penegon West, Inc., 624406 (AS)
26. R C Foster Corporation, 715502 (EH)
27. HP Hood, LLC, 636350 (KH)
28. Franklin Capital Corporation, 597753 (OH)
29. Cotherix, Inc., 612121 (BH)
30. Immunodiagnostic Systems, Inc., 736552 (OH)
31. GCL Solar Energy, Inc., 665532 (BH)

G6. Special Taxes Matters Mr. Gau

➤ Redeterminations

1. Sentry Select Insurance Company, 442740 (STF) 'CF'
2. Sentry Insurance, A Mutual Co., 442754 (STF) 'CF'

G7. Special Taxes Matters – Credits, Cancellations,
and Refunds Mr. Gau

➤ Credit and Cancellation

1. Philadelphia Indemnity Insurance Company, 446227 (STF) 'CF'

➤ Refunds

2. State Farm Life Insurance Company, 728936 (STF) 'CF'
3. Anthem Blue Cross Life & Health Insurance Company, 735416 (STF) 'CF'

There are no items for the following matters:

- G8. Property Tax Matters
- G9. Cigarette License Fee Matters
- G10. Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

- H1. Legal Appeals Matters Mr. Angeja
 - Section 40 (AB 2323) Matter
 - 1. [Océ Financial Services, Inc., 473623 \(OH\) +](#)
- H2. Franchise and Income Tax Matters Mr. Epolite
 - Decision
 - 1. Ho B. Song, 597958

There are no items for the following matters:

- H3. Homeowner and Renter Property Tax Assistance Matters
- H4. Sales and Use Taxes Matters
- H5. Sales and Use Taxes Matters – Credits, Cancellations, and Refunds
- H6. Special Taxes Matters Mr. Gau
 - Denial of Claim for Refund
 - 1. California Insurance Company, 730385 (STF) ‘CF’

There are no items for the following matters:

- H7. Special Taxes Matters – Credits, Cancellations, and Refunds
- H8. Property Tax Matters
- H9. Cigarette License Fee Matters
- H10. Legal Appeals Property Tax Matters

I. Tax Program Nonappearance Matters(Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

- I1. Property Taxes Matter

There are no items for this matter.
- I2. Offer in Compromise Recommendations Mr. Anderson
 - 1. Ricardo Aguiar
 - 2. Ryan Kelly Braithwaite
 - 3a. James Brian Eli
 - 3b. Wesco Manufacturing, Inc.
 - 4. Glen Eugene Pearson III
 - 5. Ransom Schley
 - 6. Thermo Spas, Inc.
 - 7a. Mathew Alan Turner
 - 7b. Kimberly Lynn Turner
 - 7c. SmartSolutions Group
 - 8. Mary L. Walker
 - 9. Watson’s Body & Paint Shop, Inc.
- I3. Local Tax Reallocation Matters

There are no items for this matter.

Chief Counsel Matters

Items that appear under these matters provide information to the Members and may require Board action or direction.

J. Rulemaking

J1. *Property Tax Rule 474, Petroleum Refining Properties +* Mr. Moon

Request for authorization to repeal and initiate rulemaking to readopt Rule 474 in response to a recently published opinion from the California Supreme Court.

Section 100 Changes

J2. *Property Tax Rules 263, Roll Corrections, 462.020, Change in Ownership – Tenancies in Common, 462.060, Change in Ownership – Life Estates and Estates for Years, 462.160, Change in Ownership – Trusts, 462.180, Change in Ownership – Legal Entities, 462.220, Change in Ownership – Interspousal Transfers, and 462.240, The Following Transfers Do Not Constitute a Change in Ownership +* Mr. Heller

Staff request for authorization to make Rule 100 changes to make the rules listed above consistent with recent legislation, and make minor grammatical and formatting edits.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

Administrative Session

Items that appear under these matters provide information to the Members and may require Board action or direction.

N. Consent Agenda Ms. Richmond (Contribution Disclosure forms not required pursuant to Gov. Code, § 15626.)

N1. *Retirement Resolutions +*

- Linden B. Edmondson
- Barbara Odiorne
- Elaine Wood

N2. Approval of Board Meeting Minutes

- *February 26-28, 2013 +*
- *March 12-13, 2013 +*
- *April 24-25, 2013 +*

N3. Summons to Annual Meeting of the Board and County Assessors +

Request approval to summon county assessors to a meeting with the Board to discuss issues relating to property assessment administration.

O. Adoption of Board Committee Report and Approval of Committee Actions

O1. Business Taxes Committee – August 13, 2013

P. Other Administrative Matters

P1. Executive Director's Report Ms. Bridges

1. CROS Project Update and Actions Mr. Steen
Progress on the CROS project to replace BOE's two current tax legacy technology systems.

P2. Chief Counsel Report
There are no items for this matter.

P3. Sales and Use Tax Deputy Director's Report Mr. McGuire

1. **Approval of Revenue and Taxation Code Section 6355, Coins and Bullion, "Bulk" Sale Threshold +**

Approval to continue the current bulk sale exemption threshold of \$1,500 in Sales and Use Tax Regulation 1599, *Coins and Bullion* (Rev. & Tax. Code, §6355).

P4. Property and Special Taxes Deputy Director's Report..... Mr. Gau

1. Fire Prevention Fee Program Update
2. **Approval of 2014 Hazardous Substances Program Fees and Occupational Lead Poisoning Prevention Fee +**
Staff recommendation for setting the Hazardous Substances Program Fees and the Occupational Lead Poisoning Prevention Fee for the 2014 calendar year.

P5. **Administration Deputy Director's Report +** Ms. Houser

1. **Headquarters Facilities Update +**

An update will be provided on the 450 N Street building and the Department of General Services amended report: *Board of Equalization Relocation and Consolidation Preliminary Study*.

2. 2014/15 Budget Change Proposals +

Proposals will be presented for Board direction and approval for inclusion in the Governor's Fiscal Year 2014/15 Budget.

- a. Lumber Products Assessment +
- b. Tax Gap II +
- c. Intrusion Detection/Intrusion Prevention System +
- d. Managed Care Organization Tax +

3. Bargaining Unit Contract Update

Highlights may be provided on the bargaining unit(s) and tentative agreement(s).

There are no items for the following matters:

P6. Technology Deputy Director's Report

P7. External Affairs Deputy Director's Report

Announcement of Closed Session Ms. Richmond

Q. Closed Session

- Q1. Discussion and approval of staff recommendations regarding settlement cases (Rev. & Tax. Code, §§ 6901, 7093.5, 30459.1, 50156.11).
- Q2. Pending litigation: *Lucent Technologies, Inc., and AT&T Corp. v. State Bd. of Equalization*, Superior Court of Los Angeles (Case No. BC402036) (Lucent I), consolidated with *Lucent Technologies, Inc., v. Bd. of Equalization*, Superior Court of Los Angeles (Case No. BC448715) (Lucent II) (Gov. Code, § 11126(e)).
- Q3. Pending litigation: *Elk Hills Power, LLC v. State Bd. of Equalization (Elk Hills)*, Supreme Court of California (Case No. S194121) (Gov. Code, § 11126(e)).
- Q4. Discussion and action on personnel matters (Gov. Code, § 11126(a)).

Announcement of Open Session..... Ms. Richmond

Adjourn

General information regarding Board and Committee Meetings can be found at www.boe.ca.gov/meetings/boardcomm.htm. If you would like specific information regarding items on this Notice and Agenda, please telephone (916) 322-2270 or e-mail: MeetingInfo@boe.ca.gov. Please be advised that material containing confidential taxpayer information cannot be publicly disclosed.

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The hearing location is accessible to people with disabilities. Please contact Rose Smith at (916) 323-9656, or e-mail Rose.Smith@boe.ca.gov if you require special assistance.

Joann Richmond, Chief
Board Proceedings Division

- * Public comment on any agenda item, other than a Closed Session item or an item which has already been considered by a Board Committee, will be accepted at that meeting.
- + Material is available for this item.
- ++ Material will be available at a later date.
- 'CF' Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.